

Message Text

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PAGE 01 PANAMA 02856 261720Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04
SIL-01 OMB-01 DODE-00 SS-15 NSC-05 L-03 H-02
/102 W

-----059804 270242Z /62

R 261545Z APR 78
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC 6737
INFO DEPT OF TREASURY WASHDC
AMEMBASSY SAN JOSE
USSOUTHCOM
PANCANAL

UNCLAS PANAMA 2856

E.O. 11652: N/A
TAGS: EFIN, PN
SUBJECT: NATIONAL BANKING COMMISSION ORDERS LIQUIDATION OF
UNIBANK

REF: PANAMA 7521 (10/19/77)

1. ACCORDING TO A RECENT ARTICLE IN THE PANAMAIN PRESS,
THE NATIONAL BANKING COMMISSION HAS ORDERED THE LIQUIDATION
OF THE UNION DE BANCOS, S.A. (UNIBANK) OF PANAMA. THIS ACTION
WAS TAKEN AFTER ALL EFFORTS TO SAVE IT FROM BANKRUPTCY
PROVED UNSUCCESSFUL. IN OCTOBER THE EMBASSY REPORTED IN REFTEL
THAT UNIBANK, AN AFFILIATE OF THE WORLD FINANCE CORPORA-
TION (WFC) OF CORAL GABLES, FLORIDA, WAS EXPERIENCING SZRIOUS
FINANCIAL DIFFICULTIES,HAND THAT THE NATIONAL BANKING COMMISSION
HAD TAKEN OVER UNIBANK AND WAS ADMINISTERING ITS AFFAIRS.

2. THE ARTICLE STATES THAT UNIBANK HAS VERY FEW DOMESTIC
CLIENTS; HOWEVER, THOSE THAT IT DOES HAVE WILL RECEIVE PRE-
FERENTIAL TREATMENT WHEN UNIBANK'S ASSESTS ARE LIEQUIDATED.
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PAGE 02 PANAMA 02856 261720Z

UNIBANK'S PROBLEMS WERE SAID TO BE THE RESULT OF THE WFC'S SERIOUS
FINANCIAL DIFFICULTIES RESULTING FROM "UNCONTROLLED EXPANSION"
AND CONSEQUENT SEVERE ILLIQUIDITY. WFC HAS OPERATIONS IN
LONDON, NEW YORK, SPAIN, VENEZUELA, COSTA RICA, SWITZER-
LAND AND THE ARAB EMIRATES, AND MANAGED TOTAL CAPITAL
SURPASSING \$100 MILLION.

3. UNIBANK, WHICH WAS ADMINISTERED BY WFC, WAS FORMED
BY FIRST NATIONAL BANK OF LOUISVILLE, KENTUCKY; MID-
ATLANTIC BANK OF NEW JERSEY; MERCANTILE TRUST OF ST.
LOUIS, THE STATE BANK (A COLOMBIAN ENTITY); AND A
BRAZILIAN BANK, WHOSE COMPLETE NAME REMAINS UNKNOWN.
GONZALEZ

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Message Attributes

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